Petition

81-675

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No. ____

IN THE

Supreme Court of the United States

October Term 1981

RALPH E. WHITE,

Petitioner,

v.

U.S. DEPARTMENT OF ENERGY,

Respondent.

Petition for a Writ of Certiorari to the United States Court of Customs and Patent Appeals

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Questions Presented For Review.

This petition presents two important questions of law concerning the rights of individual inventors vis-a-vis the power of the United States government, as expressed in the Atomic Energy Act, specifically Section 2182 of Title 42, United States Code.

The first question is whether Section 2182 empowers the United States to take away the intellectual property rights of an individual simply because that individual has responded to a purchase order issued by a government subcontractor. Does that single act satisfy the "arrangement entered into with or for the benefit of the Commission [now Department of Energy]", where there is no government support for the research and development out of which the invention arose?

The second question is whether a device for detecting radiant energy, an invention that neither produces nor uses atomic energy or nuclear material, can be construed to be an invention "useful in the production or utilization of special nuclear material or atomic energy" as set forth in Section 2182.

The Court of Customs and Patent Appeals, in its decision dated June 30, 1981, ignored the intent of Congress as expressed in the 1961 amendments to Section 2182, which *narrowed* the scope of that Section with respect to the right of the government to acquire ownership to patents. The Court also misinterpreted the intent of Congress in the 1954 amendments to the Atomic Energy Act, which brought Section 2182 into existence, concluding that such section was not intended to achieve the objective expressed by both President Eisenhower and Congress to liberalize the area in which private patents could be obtained. In so doing, the Court of Customs and Patent Appeals converted Section 2182 into a statute that takes away from private parties, *with no compensation whatever,* the right to acquire patents for inventions which are created by their own efforts without government support and which have extensive utility outside of the Atomic Energy field.

List of All Parties to the Proceeding

The parties to the proceeding in the Court of Customs and Patent Appeals were Ralph E. White, petitioner here, and the United States Department of Energy, as successor to ERDA and the Atomic Energy Commission.

JAMES W. GERIAK

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WILLIAM E. THOMSON, JR.

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IN THE

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RALPH E. WHITE,

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U.S. DEPARTMENT OF ENERGY,

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I.

JURISDICTION.

The Judgment of the Court of Customs and Patent Appeals was entered June 30, 1981, accompanied by an opinion of that date. This Court has jurisdiction to review the judgment below by writ of certiorari, pursuant to 28 U.S.C. § 1256.

II.

RELEVANT STATUTES.

The relevant statute for purposes of this Petition is 42 U.S.C. § 2182, "Inventions Conceived During Commission Contracts". 42 U.S.C. §§ 2181 and 2183—2190 are also relevant. These statutes are set forth in the appendix hereto.

III.

STATEMENT OF THE CASE.

This Petition arises out of a Title 42, United States Code, Section 2182 proceeding originally heard by the Board of Patent Interferences in the United States Patent and Trademark Office, which awarded the right to Petitioner's patent to Petitioner, holding that his invention was *not* useful in the production or utilization of special nuclear material or atomic energy. The Board of Patent Interferences also held that the testimony of one of Petitioner's witnesses and certain physical exhibits would be excluded from evidence and that Petitioner's invention was made or conceived in the course of or under a contract, subcontract or arrangement entered into with or for the benefit of the Atomic Energy Commission, specifically a purchase order dated April 8, 1970 issued by a government subcontractor, Reynolds Electrical and Engineering Company, Inc. (REECO).

Cross appeals to the Court of Customs and Patent Appeals then followed, resulting in the decision by that Court dated June 30, 1981, which reversed the decision of the Board of Patent Interferences, holding that Petitioner's invention was useful in the production or utilization of special nuclear material or atomic energy. The Court also reversed the decision by the Board of Patent Interferences which excluded certain testimony and exhibits of Petitioner and remanded the case to the Board of Patent Interferences for further consideration in light of the Court's decision. The Court, additionally, affirmed the decision of the Board of Patent Interferences that the April 8, 1970 purchase order satisfied the contract, subcontract or arrangement provision of Section 2182.

A. Petitioner's Invention

Petitioner's invention is a device for controlling detectors of radiant energy. Specifically, the invention is an improved such device in which a means is provided for automatic self-

neutralization of the effects of electro-magnetic disturbances, such as atmospheric lightning or radio frequency signals (referred to as "EMP") which cause the detectors to function improperly. The automatic self-neutralization means may be, for example, a mete. relay, an operational amplifier or a magnetic amplifier which will function in the type of detector here in question to conductively connect the control grid of an electrometer tube to the cathode to provide for the flow of current between the ion chamber and the cathode.

The invention is thus concerned with neutralizing the phenomena known as EMP and accordingly may be used in a variety of applications, only one of which is the monitoring of radiation leaks resulting from nuclear explosions. Indeed, the source of the radiation is totally immaterial to the invention, and in each instance of use, the invention simply measures or monitors the radiation which already exists. This, of course, means that the *production* or *utilization* of atomic energy or nuclear materials goes on *entirely independently* of the radiation detector, and thus entirely independently of Petitioner's invention.

B. The Relationship Between Petitioner and the Government

As is clear from the opinion of the Court of Customs and Patent Appeals, there was no contract, written or oral, by which the United States government acquired rights to Petitioner's invention. The only contract in the record is the purchase order of April 8, 1970 between Petitioner and REECO, by which REECO agreed to purchase detection devices for use by REECO in monitoring radiation at the Nevada test site of the United States. The purchase order indicates that it was "under prime contract AT(26-1)-410." The prime contract between REECO and the Department of Energy, which purportedly establishes the necessary nexus between Petitioner and the Department of Energy with respect to the matters here in issue, was not a part of the record in the proceedings below.

In the fall of 1969, Petitioner, who is a person with acknowledged expertise in ion detecting devices, was approached by an employee of REECO for possible assistance in solving the EMP problems experienced by REECO at the Nevada test site. Thereafter, following submission of an acceptable bid by Petitioner in response to REECO's request for quotations, the purchase order of April 8, 1970 was issued by REECO. It is significant to note that neither REECO nor the government have at any time supported any research or development by Petitioner relating to his invention here in question.

Moreover, the April 8, 1970 purchase order is silent as to the acquisition of patent rights from Petitioner. However, the purchase order contains a patent indemnification clause by which Petitioner was required to indemnify REECO against patent infringement. That clause is telling evidence of the *intent* of the parties with respect to the acquisition of rights in Petitioner's intellectual property, inasmuch as it is totally inconsistent with the concept of ownership to require a vendor of a product to indemnify the purchaser against patent infringement.

C. The Decision Below

The Court of Customs and Patent Appeals held that the foregoing relationship constituted an arrangement between Petitioner and the United States, as required by Section 2182. In reaching this conclusion, the Court, at page 23 of its opinion (Page 15 in Appendix), quoted from Chairman Cole's presentation of the Conference Report to the House of Representatives:

> "At any rate, the House eliminated that provision and inserted in place of it the requirement that all patents which are conceived during the course of *any association* which an individual may have with the Government—employees of these large contractors, or small contractors—all of the people who have been in this program from the beginning or any persons who may become

> identified with the program—*patents which flow from that association become the property of the United States.* All other patents acquired the same status as normal patents. That was the substance of the amendment adopted by the House by a substantial margin." (Emphasis in Opinion)

The Court thereafter concluded at Page 32 (Page 26 in Appendix) that the April 8, 1970 purchase order satisfied this requirement, stating:

> "Simply responding to a purchase order benefiting a known DOE project satisfies the 'arrangement entered into with or for the benefit of [DOE]' provision of § 152 [42 U.S.C. 2182]."

With respect to the requirement in Section 2182 that Petitioner's invention be useful in the production or utilization of special nuclear material or atomic energy, the Court retreated from its earlier decisions in *Piper v. Atomic Energy Commission,* 502 F.2d 1393, 183 U.S.P.Q. 235 (CCPA 1974), and *Department of Energy v. Westland,* 565 F.2d 685, 196 U.S.P.Q. 3 (CCPA 1977), and concluded that Congress did not intend Section 2182 to achieve the objective expressed by both Congress and President Eisenhower to liberalize the area in which private patents can be obtained, since this Section pertained to ownership of patents. Based on that conclusion, the Court held that the words "useful in" should be given their "plain meaning", and then enunciated a "rule of reason" interpretation; i.e., is the invention reasonably related to a use in the production of special nuclear material or atomic energy. Based on that holding, the Court concluded that Petitioner's invention is reasonably related to such utility and hence within the reach of Section 2182.

IV.

REASONS FOR GRANTING THE WRIT.

The present Petition is appropriate for a Writ of Certiorari for the consideration set forth in Supreme Court Rule 17.1(c) and .2, because the Court of Customs and Patent Appeals has decided an important question of federal law which should be addressed by this Court in that it pertains to the rights of an individual vis-a-vis the power of the United States government; namely, in what circumstances and under what conditions can the government utilize the Atomic Energy Act to acquire ownership of the intellectual property of an individual.

A. The History of Section 2182

When originally adopted in 1954, Section 2182, in the part pertinent here, read:

> "Any invention or discovery, useful in the production of utilization of special nuclear material or atomic energy, made or conceived under any contract, subcontract, arrangement, *or other relationship with the Commission,* regardless of whether the contract involved the expenditure of funds by the Commission, shall be deemed to have been made or conceived by the Commission, except that the Commission may waive its claim to any such invention or discovery *if made or conceived by any person at or in connection with any laboratory under the jurisdiction of the Commission.* . . ." (Emphasis Added).

In 1961, however, Section 2182 was amended to delete the portions which we have underlined above.

The Joint Committee on Atomic Energy which presented the proposed amendments explained that they were

> "to substitute certain clarifying phrases for existing language. Thus, the language extending AEC patent rights to 'other relationships with the Commission' and 'activities in

> connection with' AEC contracts was eliminated as being unclear and *possibly too sweeping.*" [1961 U.S.C. Cong. & Ad. News 2597] (Emphasis Added).

The Joint Committee also indicated quite clearly the general policy expressed in Section 2182:

> "namely, that the Commission will *normally* take title to resulting atomic energy patents *when it is supporting* the research and development out of which the patent arises." [Id. at 2598] (Emphasis Added).

It is thus clear that, in amending Section 2182 in 1961, Congress *narrowed* the reach of that Section to those situations where the Commission would normally take title when it was supporting the research and development out of which the invention arose. This policy, of course, clearly parallels that in private industry, where title to inventions of an individual is taken only where the research and development efforts of the individual is supported by the employer.

The Court of Customs and Patent Appeals, however, as we noted above, interpreted "arrangement" as reaching inventions conceived during the course of any association which an individual has with the government. That clearly is not what Section 2182 calls for and was specifically declared not to be by Congress when the Section was amended in 1961.

In this same regard, it should also be noted that Section 2182 does not provide for compensation to be given to the individual. All of the other Sections of subchapter XII of Chapter 23 of Title 42, United States Code, however, provide for compensation when the government acquires rights from the individual. Clearly, therefore, the scheme of subchapter XII is not to vest rights to inventions in the government that it would not normally be entitled to without compensation to inventors. On the contrary, compensation is provided to those who have had their patent rights diminished.

Because Section 2182 does not provide for compensation it is not an eminent domain statute, and it must not have been the intent of Congress, therefore, to diminish patent rights which would ordinarily belong to an inventor. To interpret Section 2182 in any other way would go against the fundamental principle of statutory construction that a statute's purpose and intent must be determined in light of the overall statutory scheme and structure. *United States v. Cooper Corp.*, 312 U.S. 600, 607 (1941).

Moreover, under the Fifth Amendment to the United States Constitution, the federal government cannot appropriate one's property without paying just compensation. A patent right, of course, is property within the meaning of the Fifth Amendment. *Decca Ltd. v. United States*, 640 F.2d 1156, 1166 (Ct.Cl. 1980). Accordingly, since Section 2182 does not provide for compensation, it must be narrowly construed and limited only to those situations where the Atomic Energy Commission, now Department of Energy, would have rights to inventions under ordinary or normal practices.

This, we submit, is clearly supported by the legislative history of the original 1954 version of Section 2182. Thus, during debate over the Conference Report, Representative Durham, a member of the Joint Committee on Atomic Energy, commented on the intended reach of Section 2182:

> "It is not intended that Section 152 [2182] should cover licensees unless in some other respects they do have an association with the commission by reason of being a contractor or subcontractor *or having money given to them by the Commission.* But the mere fact of a person having a license does not mean necessarily that the product of his operation, if a patent should flow, would become publicly owned." [100 Cong. Rec. 10374 (Aug. 9, 1954)] (Emphasis Added).

Representative Durham then continued:

> "It is the intent of Section 152 to make sure that ideas and inventions which flow from Commission-financed activity do not give right to any private patents which might be used contrary to the best interest of the public. . . . It would be a serious misinterpretation of the intent of Section 152 to turn the strength of its protective language against the stimulus which patents provide for private initiative." [*Id.*]

It should thus be clear that Section 2182 is not so broad as to encompass inventions resulting from any relationship, regardless of how tenuous, with the Atomic Energy Commission or the Department of Energy. The interpretation of the statute by the Court of Customs and Patent Appeals, however, is not consistent with the language of the statute or the expressed intent of Congress.

Moreover, the conclusion reached by the Court is unsupported by the facts of this case or common sense. As we noted above, Petitioner was required to indemnify REECO against patent infringement. Surely, if an "arrangement" existed by which REECO (and the government) owned Petitioner's invention, indemnification would be out of step with standard commercial practice and, hence, unnecessary.

B. Petitioner's Invention is not Useful in the Production or Utilization of Special Nuclear Material or Atomic Energy

The Court of Customs and Patent Appeals devoted many pages of its opinion to a construction of the legislative history of Section 2182, insofar as the "useful in" provision is concerned. The Court, however, virtually abandoned its earlier decisions in *Piper v. Atomic Energy Commission,* 502 F.2d 1393, 183 U.S.P.Q. 235 (CCPA 1974), and *Department of Energy v. Westland,* 565 F.2d 685, 196 U.S.P.Q. 3 (CCPA 1977), where it held that only inventions having a fundamental or essential role in the production or utilization of atomic energy or nuclear

materials were covered by such provision, and incorrectly construed this provision, concluding that inventions other than those essential to the production or utilization of special nuclear material or atomic energy are intended to be covered. The Court conceded that inventions having only an incidental relationship are plainly outside the scope of the statute, but then interpreted the statute to adopt a "rule of reason" approach, namely, whether the invention is reasonably related to *a use* in the production of special nuclear material or atomic energy.

In so holding, the Court has ignored the clear language of the statute, which in no way refers to inventions that are "reasonably related" to anything. Rather, the language is specific: the invention must be useful in the production or utilization. This plainly means that the invention must be involved directly in the production of atomic energy or special nuclear materials or involved directly with the utilization of the same. The statute permits no freedom for the interpretation made by the Court of Customs and Patent Appeals.

In this regard, it should be emphasized that Petitioner's invention is a device for detecting or monitoring ion radiation. It plays absolutely no role whatever in the production or utilization of atomic energy or nuclear material. Rather, the invention merely detects existing radiation; it does nothing to either produce or utilize that radiation. Indeed, the production and utilization of the radiation is precisely the same, regardless of the presence or absence of Petitioner's invention. Accordingly, Petitioner's invention, clearly, is not "useful in" the production or utilization of atomic energy or special nuclear materials.

C. Conclusion

The decision of the Court of Customs and Patent Appeals should be reviewed by this Court, because, if that decision stands, no one with expert technical knowledge relating to radiant energy, such as Petitioner here, will be able to help the federal government, whether the Department of Energy or the

National Aeronautics and Space Administration, without giving away his rights to his inventive industry, unless that invention has already been made. If, however, the individual uses his technical knowledge and expertise and comes up with the specific creative concept after the government has presented its problems to him, he will have lost all right to his invention, without any compensation whatever.

This Petition should also be entertained to clarify the reach of Section 2182 insofar as the "useful in" provision is concerned. The decision of the Court of Customs and Patent Appeals is plainly at odds with the language of the statute, and its decision should not be permitted to stand.

Dated: September 28, 1981

Respectfully submitted,

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WILLIAM E. THOMSON, JR.

MANDATE

UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

Mandate

No.

U.S. DEPARTMENT OF ENERGY

v.

RALPH E. WHITE No. 80-525

RALPH E. WHITE

v.

U.S. DEPARTMENT OF ENERGY No. 80-524

Interference No. 337/78

ON APPEAL from the Board of Patent Interferences. This CAUSE having been heard and considered, it is ORDERED and ADJUDGED: Reversed and remanded.

Dated: June 30, 1981

UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

U.S. DEPARTMENT OF ENERGY,
Appellant,
v.
RALPH E. WHITE,
Appellee,

Appeal No. 80-525

Hearing Case No. 337/73

RALPH E. WHITE,
Cross-Appellant,
v.
U.S. DEPARTMENT OF ENERGY
Cross-Appelle.

Appeal No. 80-524

DECIDED: June 30, 1981

Before MARKEY, Chief Judge, RICH, BALDWIN, MILLER, and NIES, Associate Judges.

RICH, Judge.

These cross-appeals are from the decision of the United States Patent and Trademark Office (PTO) Board of Patent Interferences (board) in a "direction" proceeding under §152

of the Atomic Energy Act of 1954 (Act, 42 USC 2182 (hereinafter § 152,[1] which granted the motion for judgment of Ralph E. White (White) and refused a direction for the United States Department of Energy (DOE) that the patent on White's application issue to it.[2] The patent application involved is serial No. 59,795, filed by White on June 3, 1970, for "Means and Techniques Useful in Controlling Nuclear Detectors." We reverse and remand.

The Invention

The eight allowed claims in the White application are directed to an improved nuclear radiation detector. In the past, ion-chamber detectors were used at the government's Nevada test site and elsewhere for measuring the levels of ion radiation fluxes, commonly referred to as background radiation. Unfortunately, successful underground nuclear explosions, as well as lightning, generate large electromagnetic pulses (EMPs) which paralyze ion-chamber detectors.

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[1] Section 152, in pertinent part, reads:

Inventions conceived during Commission contracts; ownership; waiver; hearings.

Any invention or discovery, useful in the production or utilization of special nuclear material or atomic energy, made or conceived in the course of or under any contract, subcontract, or arrangement entered into with or for the benefit of the Commission, regardless of whether the contract, subcontract, or arrangement involved the expenditure of funds by the Commission, shall be vested in, and be the property of, the Commission, except that the Commission may waive its claim to any such invention or discovery under such circumstances as the Commission may deem appropriate, consistent with the policy of this section.

[2] The Atomic Energy Commission (AEC) was the initial authority referred to in §152. Prior to this direction proceeding, the AEC was abolished and replaced by the United States Energy Research and Development Administration (ERDA) which, during the hearing below, became DOE.

White has allegedly circumvented such EMP paralysis by incorporating a means for automatic self-neutralization. Like its predecessors, the detector comprises an ion chamber and an output circuit which includes an electrometer tube with a floating-potential grid connected to a collector within the chamber. EMP paralyzed the prior art detectors by depositing a negative charge on the grid which shuts off the tube from any changes within the ion chamber. The neutralizing means in the improved detector, however, conductively connects the control grid of the electrometer tube to the cathode whenever the tube is shut off by EMP. Thus, the floating-potential grid is automatically restored. In operation, the present detector can supposedly be restored within a very short time.

Matters Appealed

DOE appeals from the grant of a Motion for Judgment for White (Motion VII), the decision of the board being that the White invention was not "useful in the production or utilization of special nuclear material or atomic energy" within the meaning of §152. White cross-appeals because of the board's rejection of his position that DOE failed to prove any contract for the *benefit* of DOE. White also appeals from the board's decisions which suppressed some of his evidence by which he sought to prove that he invented the subject matter prior to any government involvement. (Motions IV and V.) Since we reverse the board's ruling on the Motion for Judgment by White, the issued (sic) raised on White's cross-appeal must be considered.

Motion IV

The board granted the motion denying White the opportunity to use physical exhibits 2, 2-C, 3 and 4 which had been offered during his rebuttal testimony. White's rebuttal dis-

covery paper, filed under 37 CFR 1.287(a),[3] listed twelve categories of "documents" and one physical exhibit. Document item 2 referred to "documents" listed in an attachment which actually was an index of documents and physical things. Further, White relies on a previous notice in connection with his testimony-in-chief.

The board found that the physical things listed in the index did not fall within the notice requirements of §1.287(a)(1)(ii). More particularly, the board said the listing "does not act to apprise ERDA [DOE] that those four physical 'things' are intended as rebuttal evidence." Furthermore, it was said that no proper rebuttal purpose had been established for the exhibits.

Motion V

At the beginning of a deposition of White on December 11, 1975, counsel for DOE objected to the taking of the deposition (subsequently sustained) and to the presence of Mr. Perry Landers (Landers), a technician employed by White. Landers had been previously listed by White as a witness for establishing conception and reduction to practice of the invention. Landers was deposed immediately after White. DOE then filed a motion with the board based on Rule 615 of the Federal Rules of Evidence (FRE).[4] The board granted this

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[3] 37 CFR 1.287, in pertinent part, states (emphasis ours):

§1.287 *Discovery*

(a)(1) Each party who expects to take testimony must serve on each opposing party who requests service the following:

(i) A copy of each *document* in his possession, custody, or control and upon which he intends to rely,

(ii) A list of and a proffer of reasonable access to *things* in his possession, custody, or control and upon which he intends to rely, and

(iii) A list giving the names and addresses of all *persons* whom he intends to call as witnesses and indicating the relationship of each person to the invention in issue.

[4] FRE Rule 615 provides, in pertinent part:

At the request of a party *the court* shall order witnesses excluded so that they cannot hear the testimony of other witnesses, and it may make the order of its own motion. [Emphasis ours.]

deferred motion, which was to suppress Landers' testimony at final hearing, because he was present, after objection, at the taking of White's testimony.

The Board of Patent Interferences noted that, unlike courts, it does not have contempt powers to enforce compliance with its evidentiary rulings. Though the board had not formally adopted the FRE, it deemed them to be within the "established rules of evidence" mandated by 37 CFR 1.286,[5] which are to be "applied strictly." The board declared its authority to be limited "to the admittedly harsh remedy of excluding evidence," as set forth in 37 CFR 1.286. In view of the "emphasis historically placed upon independent corroboration," it deemed it "critical to effect the purpose of Federal Rule 615" and granted the motion to exclude the entire Landers testimony and, therefore, gave it no consideration.

Motion VII

White moved for summary judgment on the ground that the present invention was not "useful in the production or required by §152. Commenting that genuine issues of material fact existed, the board initially treated this motion as one for disposition at final hearing rather than one for summary disposition and deferred its consideration.

At final hearing the board granted White's motion, saying that the mere detection of radiation by an invention without any further functions relating to the production of nuclear energy was too remote for the purposes of §152. Citing the statutory objectives set forth in *Piper* v. *AEC*, 502 F.2d 1393, 183 USPQ 235 (CCPA 1974), the board stated that the "useful in" phrase of §152 must be narrowly construed.

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[5] 37 CFR 1.286 reads:

§1.286 *Objections to admissibility.*

Subject to the provisions of §1.285, objection may be made to receiving in evidence any deposition or part thereof, or any other evidence, for any reason which would require the exclusion of the evidence according to the established rules of evidence, which will be applied strictly by the Office.

Contractual Issue

In addition to the motions, the board reviewed the other §152 issue of whether the present invention was made or conceived by White in the course of, or under a contractual arrangement entered into with or for the benefit of DOE. The board noted that the contract documents in evidence purportedly meeting the §152 contractual arrangement requirement was a purchase order from Reynolds Electrical and Engineering Company (REECO) to White. This contract was identified as Purchase Order D-00856-CA-01 (REECO PO), dated April 4, 1970, under Prime Contract AT(26-1)-410.

The following facts were set forth by the board regarding the REECO PO. Mr. Gripentog, a REECO employee experienced in electronics, first visited White in November, 1969, and again in January, 1970.[6] During these visits they discussed ion chambers and the EMP problem at the Nevada test site.

On March 4, 1970, Gripentog prepared and issued an invitation to bid or a request for quotation (an RFQ) for an improved ion detector. Both White and another party bid on this RFQ, but the RFQ was soon cancelled because White's bid involved too much money and the other bid was held to be nonresponsive. Sometime between March 16 and April 8, 1970, Gripentog and White negotiated a reduction in price which resulted in the REECO PO. White sent a prototype detector to REECO on June 3, 1970.

On these facts, the board held that DOE had met its burden of proof. The White invention was found to have been conceived "in the course of or under [a] contract, subcontract, or arrangement entered into * * * for the benefit of the Commission" as required by §152.

Nevertheless, because the board granted White's Motion VII, holding that his invention was not "useful in the production or utilization of special nuclear material or atomic energy," its ultimate decision was in White's favor, under §152, and a direction to issue the patent to DOE was refused.

These appeals followed.

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[6] White's testimony corroborated these visits.

DOE's Arguments

DOE first argues that the present invention must be "useful" for the purposes specified in §152 because it was designed specifically for the government's Nevada test site. The nuclear radiation detector circuit supposedly invented by White was allegedly shown to White by Gripentog when he, not White, conceived it at a meeting with White in November, 1969, in which EMP problems at the test site were discussed. Thus, DOE says the monitoring of nuclear explosions at the test site by this detector necessarily is "useful in the production or utilization of special nuclear material or atomic energy."

DOE says the board improperly analogized the usefulness of the anti-radiation drug invention in *Piper* to the present invention. Even though both involved "radiation," DOE states that the board "clearly failed to see the great factual differences between the Piper invention and this invention." The protection afforded one exposed to radiation regardless of source by the Piper anti-radiation pill is alleged to be far afield from a radiation detector designed for operation in an environment of nuclear explosions.

Another error of the board is said to be its interpretation of the holding in *Piper*. According to DOE, the *Piper* majority did not hold that inventions subject to direction proceedings must be part of the chain reaction itself. Statements in *Piper* about the "apparent lack of an essential or fundamental relationship" between the Piper pill and atomic energy production or utilization are declared to be clearly a commentary on the remoteness of the Piper invention (a chemical compound) from the field of atomic energy, *not* a requirement that *all* inventions upon which directions under §152 are filed be causal in the sense of actually being a part of the chain reaction.

Alternatively, DOE argues that if the board did properly construe *Piper*, that case should be overruled because the *Piper* court did not possess a complete record of the legislative history of the Act which is has now augmented.[7]

The *Piper* majority, it is alleged, erred in considering only one of three distinct patent objectives recommended by President Eisenhower to Congress, which were: (1) expansion of the subject matter for which private patents may issue; (2) compulsory licensing of certain atomic energy patents; and (3) a mechanism for preventing government contractors from building a "patent monopoly." *Piper* supposedly failed to address the last two important objectives.

In a lengthy discussion of the legislative history of §152, DOE argues that "useful in" must be interpreted in the normal, broad sense in order to effectuate the statutory purpose. Section 152 is said to have been incorporated into the Act to implement the third presidential patent objective, supra. Contemporaneous statements by two Congressmen intimately involved in the legislative efforts are said to reveal that the broad, normal meaning of "useful in" was intended by Congress.

White's Contentions

In his main brief, White alleges that DOE failed to carry its burden of proving either that it owned the property rights to the White detector, or that the utility of the detector made it subject matter within §152.

Proof of DOE acquiring White's property rights is said to be absent from the record. By failing to introduce any written contract proving the purchase of ownership rights in the White

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[7] DOE refers to the complete compilation as the "Losee Work," named for the librarian who oversaw its publication: *Legislative History of the Atomic Energy Act of 1954 (Public Law 703, 83rd Congress)*, Compiled by Madeleine W. Losee, Law Librarian, U.S. Atomic Energy Commission, Washington, 1955. Relevant portions of the legislative history of §§151, 152, and 153 have been excerpted and supplied to the court in an appendix to DOE's main brief.

detector by REECO, DOE's case is alleged to lack sufficient evidence of ownership by REECO, much less DOE. The record supposedly is devoid of the prime contract linking DOE to REECO, Prime Contract AT(26-1)-410. Oral testimony of REECO employees regarding this relationship is stated to be equally deficient in that, at best, the EMP detector project apparently originated totally within REECO and, therefore, is not evidence of "the specific contractual relationship required by law to give DOE the right to claim title in Mr. White's invention."

The only contract document of record, the REECO PO, is also said not to adequately prove acquisition of the White patent rights. White points to the inclusion of a patent indemnity clause in the PO to prove that REECO did not intend to obtain patent rights.

White next argues that the detector could not have been conceived under a contract with DOE because it was conceived prior to government involvement. However, to prove not only a prior conception but a prior actual reduction to practice, White seeks to rely on the excluded Landers testimony and the four excluded exhibits.

The board allegedly erred in excluding the Landers testimony by granting Motion V, supra. Federal Rule of Evidence 615 is said to pertain to the exclusion of witnesses, not the admissibility of evidence.

The exclusion of the exhibits by granting Motion IV, supra, is stated to be another error by the board. White argues that its discovery notice is adequate and further cites portions of the record to show that counsel for DOE had already had notice of and in fact inspected the exhibits prior to the abortive White deposition, wherefor counsel could not claim to be either suprised or injured by them.

The second half of White's arguments deals with the issue of statutory interpretation and with *Piper*. White says *Piper* was manifestly correct. DOE's proposed construction is said to be merely a reargument of old issues "contrary to the plain purposes of that legislation."

DOE's argument supposedly relies upon § 151 as the only liberalizing, i.e., expansive, provision of the Act. However, White asks why, if the purposes of §151 and §152 were so different, is the language of §151 substantially duplicated in §152. Countering DOE's argument, White delcares that the board properly analogized the Piper pill and the White detector since both protect one from harmful radiation. White says the Piper pill protected the subject from the harmful effects of radiation and his monitor does likewise by signaling the existence of such radiation.

It is further argued that the novel feature of the present invention, automatic neutralization of EMP effects, has no sole relationship with atomic energy. Therefore, White contends the detector falls outside the ambit of §152 as defined by the *Piper* majority.

DOE's Reply

DOE replies to White's arguments concerning insufficient proof of a contractual arrangement between DOE and REECO, showing that DOE meant to acquire title to the detector from its conception. The record is said to be replete with specific admissions by White, as well as the testimony of others, that he knew REECO had various responsibilities at the test site, e.g., nuclear radiation monitoring, derived from a contractual relationship with DOE. Introduction of the prime contract into evidence is stated to be unnecessary because its contents were proved by admissions of a party.

The conception of the detector prior to the existence of a "contract, subcontract, or arrangement entered into with or for the benefit of the Commission" is also rebutted by DOE. The

meetings between White and Gripentog, who initiated those meetings, are said to be where White learned of REECO's desire to solve the EMP problem. After issuance of the RFQ, White is said to have submitted his solution to that problem in a bid for the REECO contract.

The absence of a clause governing the acquisition of patent rights in the REECO PO is said to be irrelevant. Section 152 by itself, it is argued, governs the allocation of patent rights under the present circumstances. An express grant is declared to be unnecessary once a contractual relationship has been established.

Regarding Federal Rule of Evidence 615, DOE maintains that the board merely recognized the importance of having independent corroboration when it refused to consider Landers' testimony. The testimony of a witness exposed to that of another is declared to be presumably tainted, the only remedy for which is its total exclusion.

The ruling of the board with respect to the exclusion of exhibits is also supported by DOE. The reference to "documents" did not apprise DOE that physical "things" were being noticed. Further, an earlier opportunity to inspect the physical exhibits connected with White's case-in-chief is said not to satisfy the notice requirements of 37 CFR 1.287(a) for a rebuttal case. DOE, it is argued, should have been informed not only of the existence of the exhibits, but also that they were to be relied upon.

White's Reply

White says the "best evidence" rule, FRE 1002, requires the introduction into evidence of the prime contract documents between DOE and REECO in order to prove its terms, without which a direction proceeding is improper. It is stressed that the REECO PO itself does not establish the necessary contractual link between DOE and White.

The conception date for the detector is also discussed. White's bid in response to the RFQ, Gripentog's testimony, and Landers' testimony are all said to prove conception by White prior to April 8, 1970, the effective date of the REECO PO.[8]

White again discussed the nature of evidentiary Rule 615, saying it provides for a court order in a live courtroom setting. Direction proceedings are said to be of a different and special nature, e.g., the absence of live testimony and an expanded time frame characteristic of a board "trial." Automatic exclusion of testimony in such a proceeding is declared to be too drastic a remedy for the possible degree of taint.

In response to DOE's arguments concerning the exclusion of exhibits, White argues over both the interpretation and nature of the rebuttal discovery document. A person or normal intelligence allegedly would have realized that the item incorporating by reference certain "documents" in an attachment was a misnomer and that it was clearly intended to cover all exhibits rather than papers only. Therefore, White concludes that the spirit of the discovery rule was followed — no surprise was intended or would have been apparent to a reasonable man. Furthermore, all of these exhibits are legitimately related to a rebuttal function. Gripentog's testimony in DOE's case-in-chief is alleged to be directed toward doubts as to who was the real inventor of the detector. Therefore, a showing of prior conception is declared to be available for rebuttal purposes.

OPINION

To be entitled to the direction, DOE must satisfy three requirements: (1) demonstrate the utility of the subject invention with respect to the "production or utilization of special nuclear material or atomic energy"; (2) prove the invention was "made or conceived in the course of or under [a] contract, subcontract, or arrangement"; and (3) prove that such an arrangement was "entered into with or for the benefit of" DOE.

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[8] White maintains that the claimed invention was conceived in July, 1969.

The Utility Issue

DOE has requested that in resolving the "useful in" aspect of the title question (Motion VII), which the board decided in favor of White on the basis of this court's holding in *Piper*, supra, we review this court's opinion in *Piper* which was the case of first impression in this court on §152. In particular, we are asked to look once more at the legislative history of §152 since, it is alleged, not all relevant historical material were before the *Piper* court and have only now been presented to us.[9]

The majority in *Piper* stated that the construction of the "useful in" clause of §152, whether broad as here contended by DOE or narrow as argued here by White, depends upon satisfying President Eisenhower's February 17, 1954, message to Congress.[10] In choosing the narrow construction, the *Piper* majority relied on the fifth amendment recommended in that message[11] which reads in full:

> 5. Liberalize the patent provisions of the Atomic Energy Act, principally by expanding the area in which private patents can be obtained to include the production as well as the utilization of fissionable material, while continuing for a limited period the authority to require a patent owner to license others to use an invention essential to the peacetime applications of atomic energy.

The *Piper* majority further stated:

> Our conclusion is reinforced by the apparent lack of an essential or fundamental relationship which appellants' invention [the Piper pill] bears to the production or utilization of special nuclear material or atomic energy.[12]

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[9] The legislative history of §152 which DOE presents to us consists of 161 pages excerpted from the three-volume Losee Work, supra, note 7.

[10] *Message from the President of the United States on the Atomic Energy Act of 1946*, H.R. Doc. No. 328, 83rd Cong., 2d Sess. (1954).

[11] *Piper*, supra, 502 F.2d at 1396, 183 USPQ at 237.

[12] *Piper*, supra, 502 F.2d at 1396, 183 USPQ at 238.

The *Piper* majority did correctly state that *one* of the *objectives* of the recommended 1954 amendments was to broaden the participation of domestic industry in atomic research by liberalizing the "area in which private patents can be obtained"; President Eisenhower expressed a desire[13] to expand private, domestic development of atomic energy. Noting that industry had already devoted private capital to its collaborations with the AEC, the President wanted to spur private *investment* in atomic research. He believed that entrepreneurial development would be the most efficient way to develop a promising power source.

However, it does not follow that every amendment which passed in 1954 was designed to promote the narrow objective set forth in one of the five "amendments" (*not* "objectives") recommended by President Eisenhower. Section 152 deals with *ownership,* nor with the *area* in which private patents*can* be obtained if private capital pays for the development. Inventions made or conceived for the government under contract were not within the "liberalizing spur" which the President wished to apply to the domestic technological industries. A fortiori, absent express congressional intent to the contrary, a statute permitting DOE to waive title, an option which §152 vests in it, must not be interpreted by examining contemporaneous statements directed toward expanding patent protection to previously-foreclosed, *privately*—funded inventions.

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[13] The President began his message by listing the following general objectives;

> First, widened cooperation with our allies in certain atomic energy matters;
>
> Second, improved procedures for the control and dissemination of atomic energy information; and
>
> Third, encouragement of broadened participation in the development of peacetime uses of atomic energy in the United States.

However, these should not be confused, as in the *Piper* majority opinion, with the recommended amendments which appeared toward the end of the message.

Study of the joint congressional hearings on amendments to the Atomic Energy Act of 1946 in June of 1954 shows that there was concern over how expanding the scope of private patent protection would interface with the ownership of inventions made or conceived under government contract. Representative Cole, Chairman of the Joint Committee, analogized the effect of §152, then in the making, on private patent rights to the then-existing compulsory assignment policy of the AEC. The following exchange illustrates the thinking which resulted in § 152:[14]

> Chairman COLE. Mr. Strauss, Mr. Holifield has referred to the fact that the law requires employees of the Public Health Service, I think it was, to make available any patent it may want to public use without pay. It is not a fact that employees of the Commission, if they develop any patent in the atomic energy field, are required to turn that patent over to the Commission?
>
> Mr. PRICE. I believe every employee has to sign a patent agreement to that effect.
>
> Chairman COLE. Of Course, and that is the general and accepted practice.
>
> Mr. PRICE. General in the Government, I understand.
>
> Chairman COLE. Of course, anybody that gets his support from the Government, if Government funds contribute in any respect toward the development of the idea, that idea should belong to the public.
>
> Mr. STRAUSS. That is also general in industry.
>
> Chairman COLE. Now you indicated the only objection, I think, you have to this proposed section 152 is with respect to patents conceived on Commission contracts.

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[14] *Proposed Amendments to the Atomic Energy Act of 1946: Hearings on S. 3323 and H.R. 8862 before the Joint Committee on Atomic Energy*, 83rd Cong., 2d Sess., (1954), pp. 667-6B. In the following exchange Mr. Strauss was then Chairman of the AEC while Mr. Price was Deputy General Counsel of the AEC.

> That concept I discussed with you, of allowing people to have their patent, if they got in on their own, but if they got in on Government time, it still belongs to the Government. You have indicated that the main objection would be the idea of policing it and determining when the idea was conceived. But now in your own contracts with your contractors you have provisions that any invention that is conceived or made during the course of that contract belongs to the Commission. Do you not have the same problem there of determining whether the idea occurred before the contract, during the contract, or sometime after the contract?
>
> Chairman COLE. But that is true with your contractors also. That idea may develop 10 years later. If you can show that the idea originated during the course of the contract, you are going to go after it. So that problem does not enter.

Thus, Chairman Cole analogized the effect of then-proposed §152 to that of the contemporary policy of AEC to expressly incorporate in their contracts provisions for obtaining patent ownership. In both cases the government could secure patent rights in inventions made or conceived for its benefit. However, the difference between the two is that under §152 a silent automatic ownership option is created whereby the government need not expressly contract to get the patent rights.

The ownership objective of §152 is also clearly demonstrated in the presentation to the House of the Conference Report for H.R. 9757.[15] As is often the case, the Senate and House differed as to how the 1946 Act should be amended. In particular, the Senate did not wish to permit private patents for inventions in the atomic energy field. As the report states:

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[15] H.R. 2639, 83d Cong., 2d Sess. (1954).

PATENTS

The House bill and the Senate amendment both provided, as does the Atomic Energy Act of 1946, as amended, that there shall be no patents issued in the field of atomic weapons. With respect to other areas in the atomic energy field the House Bill permitted normal patents. However, it required that inventions or discoveries made under contract or other arrangement with the Commission shall be deemed to have been made by the Commission and patents therefor shall be the property of the Goverment unless the Commission either waives its claim or its claim is not held valid by the Board of Patent Interferences. The House bill provided a procedure for testing out the question of whether or not inventions were made or conceived under contract with the Commission, using the Board of Patent Interferences as the deciding tribunal. Each applicant for a patent in the atomic energy field would be required to file with the application for such patent a statement under oath setting forth the facts surrounding the making or conceiving of the invention. The Atomic Energy Commission would then be provided an opportunity to review the statement, and if it believed that the invention was made under a contract or other arrangement with the Commission, the Commission would be authorized to direct the Commissioner of Patents to issue the patent to the Commission. If the applicant should not concur, he would be given an opportunity for a hearing before the Board of Patent Interferences. This Board would then have to decide when the invention was made and whether, under all the circumstances, the Commission's claim was valid. The resolution of any question of when an invention is made or conceived is, of course, normal function of the Board of Patent Interferences.

The Senate amendment did not have this protective device to insure that the Commission would receive all of the patents which properly belonged to it. Instead it

authorized the Commission to require compulsory cross-licensing of inventions of primary importance in the field. It also provided for the use by others of patents found by the Government to have been used by their owners in violation of the antitrust laws.

The committee of conference chose a somewhat different approach to the problem so as to avoid as far as possible doubt as to the constitutionality of the licensing system. Therefore, the committee of conference accepted provisions requiring the Commission to give preferred consideration for commercial licenses in the next 5 years to those applicants who agree to make their atomic energy patents available to all other commission licensees who demonstrate need therefor upon payment of a reasonable royalty to be determined in accordance with the provisions of the act. In addition the committee of conference retained the House provision affording protection of the Commission's interest in patents conceived under contract or other arrangement with the Commission

In lieu of having a House clerk read the statement accompanying the presentation of the Conference Report to the House, Chairman Cole offered a verbal explanation of the manager's statement about the Report.[16] On the floor, he said, in pertinent part:

The other major point of difference was with respect to patents and what should be done in this field. The present law prohibits patents in the nonweapon field. This bill for the first time opens the door to private activity in the nonweapon phase of atomic development. As originally presented to the House, the bill contained a provision authorizing the compulsory licensing of any patent which might flow from this private operation for the next 5 years, irrespective of the association which that patent owner might have had with a publically sponsored program.

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[16] 100 Cong. Rec. 13071-13072 (1954).

After some discussion, the House accepted the amendment which was offered by myself, eliminating the compulsory feature, the basic argument against it being that it is of such doubtful constitutionality as to make it unwise for its adoption at this time.

At any rate, the House eliminated that provision and inserted in place of it the requirement that all patents which are conceived during the course of *any association* which an individual may have with the Government—employees of these large contractors, or small contractors—all of the people who have been in this program from the beginning or any persons who may become identified with the program—*patents which flow from that association become the property of the United States.* All other patents acquire the same status as normal patents. That was the substance of the amendment adopted by the House by a substantial margin.

The conferees took somewhat of a middle course. It retained the House provision on patents, so that we can be assured there will be no windfall to people who have been engaged in this program up to this time or in the future. The patents which those folks may discover are the property of the United States, unless the Commission may be willing to surrender its claim to a particular patent. [Emphasis ours.]

The apparent intent of Congress in the proposed 1954 Act was to "liberalize" the restrictive authority of the 1946 Act, permitting the issuance of patents in the atomic energy field to private parties where they have, without government association, absorbed the research and developmental costs. However, it also seemed eminently just to Congress that if an invention was made or conceived during such an association, the government should have a crack at title for the invention.

Piper went too far in equating "liberalization" with free government financing; and we are not persuaded that, unless the invention is absolutely necessary to atomic energy production, Congress meant to give away any interests or resources the government invested in that invention. Absent express congressional intent, we see no reason to go beyond the plain meaning of the words "useful in."

In view of the legislative history now before us, we do not feel that the granting of private ownership rights can be logically tied to an unnaturally constricted interpretation of the utility provision of §152.

Certainly, an invention which is essential to the production of atomic energy is encompassed by the term "useful in," and, therefore, may be subject to a direction proceeding. Likewise, an invention having only an incidental use in atomic energy production is plainly outside the term "useful in," and, therefore, not subject to the direction proceeding. Between these limits, however, lies the gray area in which the present invention resides.

We approach this twilight zone guided by a "rule of reason." Is the subject invention reasonably related to a use in the production of special nuclear material or atomic energy? Each case must turn on its own facts.

An improved ion radiation detector is reasonably related to the above utility. Clearly, the watchdog use of this improved detector, which is no longer paralyzed by EMP, reasonably enhances the environmentally-safe production and handling of atomic energy.

We hold, therefore, that White's invention is "useful in the production or utilization of special nuclear material or atomic energy" under §152 and reverse the board on that point.

Conception/Reduction to Practice During a Contractual Relationship

Proof relating to the date of White's conception *prior to* a §152 contract has been excluded here by various rulings of the board. Without the benefit of the excluded evidence, the board held that the White detector was "made or conceived" after the REECO PO in the course of an arrangement benefitting DOE. However, White argues that the suppressed evidence would have destroyed the necessary "made or conceived" during a contractual link found to exist between him and DOE. In view of our decision on the evidentiary questions on conception, hereinafter set forth, we pass directly to their consideration before addressing the issue of a contractual relationship.

The Landers Deposition (Motion V)

Since Landers was present at White's deposition immediately before his own deposition,[17] the board questioned Landers' independent recollection and suppressed his testimony. The board noted that although the FRE have never been formally adopted for direction proceedings, Rule 615 provides a federal court with the power to sequester a witness upon request of counsel. Taking this power as a signal, the board reasoned that while it had no sequestration power, it did have exclusionary power under 37 CFR 1.286.6 It applied that power.

While we can understand a concern over the weight given Landers' testimony, the damage wrought by the draconian remedy of exclusion outweighs any possible harm of supposedly tainted evidence. As pointed out in *United States* v. *Warren*, 578 F.2d 1058 (5th Cir. 1978), even violation of Rule 615 by a trial judge in a jury trial context does not necessarily call for the automatic exclusion of evidence.

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[17] DOE did not cross-examine White at this deposition having walked out after protesting inadequate notice. Acting on a subsequent objection by DOE to the inclusion of White's testimony of December 11, 1975, the board excluded this deposition from White's evidentiary record. *See Exclusion of Rebuttal Exhibits (Motion IV)*], infra.

The proper solution would have been to admit Landers' testimony for what it was worth and to consider, in deciding the weight of be given to it, the possible effect of nonsequestration. This is especially true in view of DOE's full cross-examination of Landers.

Exclusion of Rebuttal Exhibits
Motion IV

In granting Motion IV, the board also suppressed four physical exhibits White wanted admitted into evidence. As a basis for its decision, the board recited that item 2 of White's rebuttal discovery paper referred to "documents" which actually were in part physical exhibits. Therefore, it concluded that no physical exhibits could be relied on by White since only "documents" were referred to in the notice. In addition, the board questioned the "proper rebuttal purpose" for the above physical exhibits.

To decide which of the physical exhibits, if any, White is entitled to use as part of his evidentiary record, we must first recount the sequence of events leading to the attempted introduction of these exhibits into evidence as part of White's *rebuttal* discovery papers.

On October 31, 1975, White served DOE with his discovery paper for his case-in-chief, pursuant to 37 CFR 1.287(a)(1). In the disclosure of witnesses to be called, Landers was listed but White was not. A list of things was also included in this paper. While exhibits No. 3 and No. 4 were included in this list, exhibits No. 2 and No. 2-C were not.

DOE walked out on the deposition of White on December 11, 1975, after registering a complaint with White's attorney regarding noticing White in view of the absence of White's

name from the discovery paper. Before the deposition, DOE had filed an objection with the board under 37 CFR 1.285(a)[18] about the irregular procedure used by White.

Treating the objection as a motion for an order of non-reliance, on January 28, 1976, the board ordered White not to rely on the original White deposition of December 11, 1975.

After having failed to enter the excluded physical exhibits as part of White's testimony-in-chief, White attempted to get them considered by the board as part of his rebuttal.

In the present instance, the board concluded that the only proper rebuttal purpose for the excluded exhibits was to counter the derivation charges of DOE. By proving conception prior to the Gripentog meetings, White could undercut any charge that White derived the invention from Gripentog at those meetings. However, since the board refused to consider any arguments concerning derivation in a direction proceeding, a point not contested here, it held that the exhibits lacked any proper rebuttal purpose, and, therefore, must be excluded even though they conceivably could have been properly admitted as case-in-chief evidence.

As the board said:

> The provisions of 37 CFR 1.287(a) are *discovery* rules separate and distinct from the *notice* rule of 37 CFR 1.287 and so the White argument concerning "notice" is irrelevant. The party White clearly did not provide the requisite discovery for his testimony-in-chief in failing to list White as a witness. Therefore, the prohibition of 37 CFR

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[18] §1.285 *Effect of errors and irregularities in depositions*

Notice will not be taken of merely formal or technical objections which shall not appear to have wrought a substantial injury to the party raising them; and in case of such injury it must be made to appear that, as soon as the party became aware of the ground of objection, he gave notice thereof.

(a) *As to notice.* All errors and irregularities in the notice for taking a deposition are waived unless objection is promptly made and served in writing upon the party giving the notice.

> 1.287(d)(1) is mandatory upon being raised by an opponent. The board has no discretion in the matter and does not have the authority to waive the rule. That option lies only with the Commissioner under 37 CFR 1.183. Aside from such waiver, the rules provide a remedy by way of a "prompt" motion under 37 CFR 1.287(d)(1) to add such a witness together with a motion under 37 CFR 1.281 for additional testimony-in-chief time to retake the White deposition. As White did not timely seek such a remedy, we believe White should not be allowed to do indirectly that which he failed to do directly. If such a party were able to wait to submit as a "rebuttal exhibit" any deposition improperly taken during testimony-in-chief there would be little motivation to follow the established procedures and rules and his opponent would be left uncertain as to the need for rebuttal during his testimony time.

While we agree with the above differentiation between notice and discovery rules, we note that the board's decision to exclude the four physical exhibits was predicated on the exclusion of both the Landers testimony and the original White testimony. The exhibits in questions were introduced during each of these depositions in the case-in-chief testimony period. Since we now overrule the exclusion of the Landers testimony, supra Motion V, we must reevaluate the exclusion of these exhibits.

A physical exhibit is usually entered into evidence before the board by first listing it in a discovery paper, 37 CFR 1.287(a)(ii), and then offering it for authentication during a noticed deposition, in accordance with the Federal Rules of Evidence. However, as noted by the board, if one fails to list a thing, the omission can be corrected by a prompt motion which shows cause therefor, 37 CFR 1.287(d)(1).

White did list two of the four physical exhibits in his original discovery paper of October, 1975, namely, exhibits Nos. 3 and 4. They were offered as evidence during the Landers deposition of December 11, 1975. Therefore, Landers'

testimony being admissible, as we have found, exhibits Nos. 3 and 4 are likewise admissible. It does not matter that the original White testimony was inadmissible and the board should have considered these exhibits.

Exhibits Nos. 2 and 2-C, however, are in a different posture. Although these two exhibits may have been properly introduced into evidence at the Landers deposition, White did not include them in his discovery exhibit list, and, therefore, did not satisfy the discovery requirements of 37 CFR 1.287(a)(ii). Having made this error, White failed to remedy it by means of a 1.287(d)(1) motion. White could and should have corrected his discovery "notice" error before his rebuttal testimony period. Therefore, exhibits Nos. 2 and 2-C were correctly excluded.

Since DOE must prove that the REECO PO was a "contract, subcontract, or arrangement" benefitting DOE, we now turn to whether the board properly held that the REECO PO was such an arrangement.

Arrangement Benefitting DOE

Since without the excluded evidence White was unable to prove a conception date before the REECO PO, we need only look as far back as the REECO PO for an arrangement benefitting DOE. We begin by noting that it is not necessary for DOE to prove that a *contract* existed as of the conception or reduction to practice which benefitted it. All §152 requires is that an *arrangement* existed which benefitted DOE.

White testified that during meetings with Gripentog he wanted to "get the government interested in" his detector. Even more revealing, in a meeting with Gripentog on January 28, 1970, White also testified that he was "interested in anything I could do to get orders, especially large orders, and get into the [Nevada] test site for the military possibility of my equipment." From this testimony it certainly appears that

White knew of REECO and its position as a contractor for DOE at the Nevada test site. White wanted to get work for the government and knew that REECO did work under contract for it at the test site. Therefore, the board was correct in concluding that when White replied to the RFQ which he received from REECO, he knew that DOE would benefit from any bid he submitted. That was his goal, to draw DOE's attention to his manufactures.

It is irrelevant that White might not have appreciated that he might lose the patent rights to his alleged invention if he came forward with a bid. Section 152 does not require that the inventor must knowingly enter a contractual arrangement that benefits the government aware that he can lose his patent rights to an invention meeting the §152 utility requirement solely as a consequence of entering such a relationship. Simply responding to a purchase order benefitting a known DOE project satisfies the "arrangement entered into with or for the benefit of [DOE]" provision of §152.

Summary

After reviewing the legislative history now before us, we find that the utility question under §152 should be resolved by employing the ordinary meaning of the phrase "useful in." When Congress enlarged the scope of patent protection available to private inventors, it did not seek to limit government ownership of patents for inventions growing out of work done under contracts with the government.

Employing a rule of reason, the evidence when viewed as a whole leads us to the conclusion that the present ion detector falls within the above utility requirement of §152.

The exclusion of Landers' testimony and certain physical exhibits casts doubt upon that part of the decision below which establishes the conception and/or actual reduction to practice of the ion detector during or in contemplation of a contractual

arrangement between DOE and White. This testimony allegedly proves that White invented the present detector prior to government involvement. While possibly diminished in value, Landers' testimony appears to be relevant and should have been admitted and weighed. Exclusion was too harsh a remedy.

Physical exhibits Nos. 3 and 4 were also excluded without proper justification. The discovery rules were designed to inform parties of relevant evidence by reasonable notice, thereby eliminating the element of surprise. Since these exhibits were listed in the original discovery papers, they satisfy the discovery rules and are admissible along with the Landers deposition wherein they were introduced.

As to physical exhibits Nos. 2 and 2-C, however, they are inadmissible because they were not listed in the original discovery paper. White's failure to avail himself of the 1.287 remedy cannot be corrected by subsequently listing these documents in a rebuttal discovery paper.

Conclusion

Therefore, that portion of the board decision pertaining to utility is *reversed* for the reasons detailed above.

We also *remand* the contractual arrangement for DOE's benefit issue to the board for reconsideration. Upon admitting the improperly excluded evidence, the board should review *all* evidence bearing on the existence of a "contract, subcontract, or *arrangement* entered into with or for the benefit of [DOE]" (emphasis ours) before White's conception and/or reduction to practice of the ion detector. Thus, it is not restricted to considering only activity bearing on a contractual arrangement which occurs on or after the effective date of a formal contract. Upon determining the earliest existence of a §152 arrangement, the board should then determine whether this date is preceded by White's conception date.

REVERSED AND REMANDED

UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

U.S. DEPARTMENT OF ENERGY, *Appellant,* v. RALPH E. WHITE, *Appellee,*	**Appeal No. 80-525** **Hearing Case No. 337/73**
RALPH E. WHITE, *Cross-Appellant,* v. U.S. DEPARTMENT OF ENERGY *Cross-Appelle.*	**Appeal No. 80-524**

DECIDED: June 30, 1981

MARKEY, C.J., concurring.

I join in the opinion portions relating to conception and reduction and to Motions IV and V. I cannot join in what I view as dicta concerning congressional intent. I concur in the result reached in the opinion portion under the Utility Issue because I consider the invention here as clearly "useful in, etc." and entirely distinct from that in *Piper*. As the majority opinion recognizes, each case must be decided on its own facts, and that fact is enough for me.

§ 2181. Inventions relating to atomic weapons, and filing of reports—Denial of patent; revocation of prior patents

(a) No patent shall hereafter be granted for any invention or discovery which is useful solely in the utilization of special nuclear material or atomic energy in an atomic weapon. Any patent granted for any such invention or discovery is revoked, and just compensation shall be made therefor.

Denial of rights; revocation of prior rights

(b) No patent hereafter granted shall confer any rights with respect to any invention or discovery to the extent that such invention or discovery is used in the utilization of special nuclear material or atomic energy in atomic weapons. Any rights conferred by any patent heretofore granted for any invention or discovery are revoked to the extent that such invention or discovery is so used, and just compensation shall be made therefor.

Report of invention to Commissioner of Patents

(c) Any person who has made or hereafter makes any invention or discovery useful in the production or utilization of special nuclear material or atomic energy, shall file with the Commission a report containing a complete description thereof unless such invention or discovery is described in an application for a patent filed with the Commissioner of Patents by such person within the time required for the filing of such report. The report covering any such invention or discovery shall be filed on or before the one hundred and eightieth day after such person first discovers or first has reason to believe that such invention or discovery in such production or utilization.

Report to Commission by Commissioner of Patents

(d) The Commissioner of Patents shall notify the Commission of all applications for patents heretofore or hereafter filed which, in his opinion, disclose inventions or discoveries required to be reported under subsection (c) of this section, and shall provide the Commission access to all such applications.

Confidential information; circumstances permitting disclosure

(e) Reports filed pursuant to subsection (c) of this section, and applications to which access is provided under subsection (d) of this section, shall be kept in confidence by the Commission, and no information concerning the same given without authority of the inventor or owner unless necessary to carry out the provisions of any Act of Congress or in such special circumstances as may be determined by the Commission.

§ 2182. Inventions conceived during Commission contracts; ownership; waiver; hearings

Any invention or discovery, useful in the production or utilization of special nuclear material or atomic energy, made or conceived in the course of or under any contract, subcontract, or arrangement entered into with or for the benefit of the Commission, regardless of whether the contract, subcontract, or arrangement involved the expenditure of funds by the Commission, shall be vested in, and be the property of, the Commission, except that the Commission may waive its claim to any such invention or discovery under such circumstances as the Commission may deem appropriate, consistent with the policy of this section. No patent for any invention or discovery, useful in the production or utilization of special nuclear material or atomic energy, shall be issued unless the applicant files with the application, or within thirty days after request therefor by the Commissioner of Patent (unless the Commission advises the Commissioner of Patents that its rights have been determined and that accordingly no statement is necessary) a statement under oath setting forth the full facts surrounding the making or conception of the invention or discovery described in the application and whether the invention or discovery was made or conceived in the course of or under any contract, subcontract, or arrangement entered into with or for the benefit of the Commission, regardless of whether the contract, subcontract, or

arrangement involved the expenditure of funds by the Commission. The Commissioner of Patents shall as soon as the application is otherwise in condition for allowance forward copies of the application and the statement to the Commission.

The Commissioner of Patent may proceed with the application and issue the patent to the applicant (if the invention or discovery is otherwise patentable) unless the Commission, within 90 days after receipt of copies of the application and statement, directed the Commissioner of Patents to issue the patent to the Commission (if the invention or discovery is otherwise patentable) to be held by the Commission as the agent of and on behalf of the United States.

If the Commission files such a direction with the Commissioner of Patents, and if the applicant's statement claims, and the applicant still believes, that the invention or discovery was not made or conceived in the course of or under any contract, subcontract or arrangement entered into with or for the benefit of the Commission entitling the Commission to the title of the application or the patent the applicant may, within 30 days after notification of the filng of such a direction, request a hearing before a Board of Patent Interferences. The Board shall have the power to hear and determine whether the Commission was entitled to the direction filed with the Commissioner of Patents. The Board shall follow the rules and procedure established for interference cases and an appeal may be taken by the applicant or the Commission from the final order of the Board to the Court of Customs and Patent Appeals in accordance with the procedures governing the appeals from the Board of Patent Interferences.

If the statement filed by the applicant should thereafter be found to contain false material statements any notification by the Commission that it has no objections to the issuance of a patent to the applicant shall not be deemed in any respect to constitute a waiver of the provisions of this section or of any applicable civil or criminal statute, and the Commission may

have the title to the patent transferred to the Commission on the records of the Commissioner of Patents in accordance with the provisions of this section. A determination of rights by the Commission pursuant to a contractual provision or other arrangement prior to the request of the Commissioner of Patents for the statement, shall be final in the absence of false material statement or nondisclosure of material facts by the applicant.

§ 2183 Nonmilitary utilization—Declaration of public interest

(a) The Commission may, after giving the patent owner an opportunity for a hearing, declare any patent to be affected with the public interest if (1) the invention or discovery covered by the patent is of primary importance in the production or utilization of special nuclear material or atomic energy; and (2) the licensing of such invention or discovery under this section is of primary importance to effectuate the policies and purposes of this chapter.

Action by Commission

(b) Whenever any patent has been declared affected with the public interest, pursuant to subsection (a) of this section—

(1) the Commission is licensed to use the invention or discovery covered by such patent in performing any of its powers under this chapter; and

(2) any person may apply to the Commission for a nonexclusive patent license to use the invention or discovery covered by such patent, and the Commission shall grant such patent license to the extent that it finds that the use of the invention or discovery is of primary importance to the conduct of an activity by such persons authorized under this chapter.

Application for patent

(c) Any person—

(1) who has made application to the Commission for a license under sections 2073, 2092, 2093, 2111, 2133 or 2134 ot this title, or a permit or lease under section 2097 of this title;

(2) to whom such license, permit, or lease has been issued by the Commission;

(3) who is authorized to conduct such activities as such applicant is conducting or proposes to conduct under a general license issued by the Commission under sections 2092 or 2111 of this title; or

(4) whose activities or proposed activities are authorized under section 2051 of this title,

may at any time make application to the Commission for a patent license for the use of an invention or discovery useful in the production or utilization of special nuclear material or atomic energy covered by a patent. Each such application shall set forth the nature and purpose of the use which the applicant intends to make of the patent license, the steps taken by the applicant to obtain a patent license from the owner of the patent, and a statement of the effects, as estimated by the applicant, on the authorized activities which will result from failure to obtain such patent license and which will result from the granting of such patent license.

Hearings

(d) Whenever any person has made an application to the Commission for a patent license pursuant to subsection (c) of this section—

(1) the Commission, within 30 days after the filing of such application, shall make available to the owner of the patent all of the information contained in such application, and shall notify the owner of the patent of the time and place at which a hearing will be held by the Commission;

(2) the Commission shall hold a hearing within 60 days after the filing of such application at a time and place designated by the Commission; and

(3) in the event an applicant applies for two or more patent licenses, the Commission may, in its discretion, order the consolidation of such applications, and if the patents are owned by more than one owner, such owners may be made.

Commission's findings

(e) If, after any hearing conducted pursuant to subsection (d) of this section, the Commission finds that—

(1) the invention or discovery covered by the patent is of primary importance in the production or utilization of special nuclear material or atomic energy;

(2) the licensing of such invention or discovery is of primary importance to the conduct of the activities of the applicant;

(3) the activities to which the patent license are proposed to be applied by such applicant are of primary importance to the furtherance of policies and purposes of this chapter; and

(4) such applicant cannot otherwise obtain a patent license from the owner of the patent on terms which the Commission deems to be reasonable for the intended use of the patent to be made by such applicant,

the Commission shall license the applicant to use the invention or discovery covered by the patent for the purposes stated in such application or terms deemed equitable by the Commission and generally not less fair than those granted by the patentee or by the Commission to similar licensees for comparable use.

Limitations on issuance of patent

(f) The Commission shall not grant any patent license pursuant to subsection (e) of this section for any other purpose than that stated in the application. Nor shall the Commission grant any patent license to any other applicant for a patent license on the same patent without an application being made by such applicant pursuant to subsection (c) of this section, and without separate notification and hearing as provided in subsection (d) of this section, and without a separate finding as provided in subsection (e) of this section.

Royalty fees

(g) The owner of the patent affected by a declaration or a finding made by the Commission pursuant to subsection (b) or (e) of this section shall be entitled to a reasonable royalty fee from the licensee for any use of an invention or discovery licensed by this section. Such royalty fee may be agreed upon by such owner and the patent liecnesse, or in the absence of such agreement shall be determined for each patent license by the Commission pursuant to section 2187(c) of this title.

Effective period

(h) The provisions of this section shall apply to any patent the application for which shall have been filed before September 1, 1979.

§ 2184. Injunctions; measures of damages

No court shall have jurisdiction or power to stay, restrain or otherwise enjoin the use of any invention or discovery by a patent licensee, to the extent that such use is licensed by section 2183(b) or 2183(e) of this title. If, in any action against such patent licensee, the court shall determine that the defendant is exercising such license, the measure of damages shall be the royalty fee determined pursuant to section 2187(c) of this title, together with such costs, interest, and reasonable attorney's fees

as may be fixed by the court. If no royalty fee has been determined, the court shall stay the proceeding until the royalty fee is determined pursuant to section 2187(c) of this title. If any such patent licensee shall fail to pay such royalty fee, the patentee may bring an action in any court of competent jurisdiction for such royalty fee, together with such costs, interest, and reasonable attorney's fees as may be fixed by the court.

§ 2185. Prior Art

In connection with applications for patents covered by this subchapter, the fact that the invention or discovery was known or used before shall be a bar to the patenting of such invention or discovery even though such prior knowledge or use was under secrecy within the atomic energy program of the United States.

§ 2186. Commission patent licenses

The Commission shall establish standard specifications upon which it may grant a patent license to use any patent held by the Commission or declared to be affected with the public interest pursuant to section 2183(a) of this title. Such a patent license shall not waive any of the other provisions of this chapter.

§ 2184. Compensation, awards, and royalties—Patent Compensation Board

(a) The Commission shall designate a Patent Compensation Board to consider applications under this section. The members of the Board shall receive a per diem compensation for each day spent in meetings or conferences, and all members shall receive their necessary traveling or other expenses while engaged in the work of the Board. The members of the Board may serve as such without regard to the provisions of sections 281, 283, or 284 of Title 18, except in so far as such

sections may prohibit any such members from receiving compensation in respect of any particular matter which directly involves the Commission or in which the Commission is directly interested.

Eligibility

(b)(1) Any owner of a patent licensed under section 2188 or 2183(b) or 2183(e) of this title, or any patent licensee thereunder may make application to the Commission for the determination of a reasonable royalty fee in accordance with such procedures as the Commission by regulation may establish.

(2) Any person seeking to obtain the just compensation provided in section 2182 of this title shall make application therefor to the Commission in accordance with such procedures as the Commission may be regulation establish.

(3) Any person making an invention or discovery useful in the production or utilization of special nuclear material or atomic energy, who is not entitled to compensation or a royalty therefor under this chapter and who has complied with the provisions of section 2182(c) of this title may make application to the Commission for, and the Commission may grant, an award. The Commission may also, after consultation with the General Advisory Committee, and with the approval of the President, grant an award for any especially meritorious contribution to the development, use, or control of atomic energy.

Standards

(c)(1) In determining a reasonable royalty fee as provided for in section 2183(b) or 2183(e) of this title, the Commission shall take into consideration (A) the advice of the Patent Compensation Board; (B) any defense, general or special, that might be pleaded by a defendant in an action for infringement; (C) the extent to which, if any, such patent was developed through federally financed research; and (D) the

degree of utility, novelty, and importance of the invention or discovery, and may consider the cost to the owner of the patent of developing such invention or discovery or acquiring such patent.

(2) In determining what constitutes just compensation as provided for in section 2182 of this title, or in determining the amount of any aware under subsection (b)(3) of this section, the Commission shall take into account the considerations set forth in paragraph (1) of this subsection and the actual use of such invention or discovery. Such compensation must be paid by the Commission in periodic payments or in a lump sum.

Limitations

(d) Every application under this section shall be barred unless filed within six years after the date on which first accrues the right to such reasonable royalty fee, just compensation, or award for which such application is filed.

§ 2188. Monopolistic use of patents

Whenever the owner of any patent hereafter granted for any invention or discovery or primary use in the utilization or production of special nuclear material or atomic energy is found by a court of competent jurisdiction to have intentionally used such patent in a manner so as to violate any of the antitrust laws specified in section 2135(a) of this title, there may be included in the judgment of the court, in its discretion and in additional to any other lawful sanctions, a requirement that such owner license such patent to any other licensee of the Commission who demonstrates a need therefor. If the court, at its discretion, deems that such licensee shall pay a reasonable royalty to the owner of the patent, the reasonable royalty shall be determined in accordance with section 2187 of this title.

§ 2189. Federally financed research

Nothing in this chapter shall affect the right of the Commission to require that patents granted on inventions, made or conceived during the course of federally financed research or operations, be assigned to the United States.

§ 2190. Saving clause for prior patent applications

Any patent application on which a patent was derived by the United States Patent Office under sections 11(a)(1), 11(a)(2), or 11(b) of the Atomic Energy Act of 1946, and which is not prohibited by section 2182 or 2185 of this title may be reinstated upon application to the Commissioner of Patents within one year after August 30, 1954 and shall then be deemed to have been continuously pending since its original filing date: Provided, however, That no patent issued upon any patent application so reinstated shall in any way furnish a basis of claim against the Government of the United States.

Opposition

Office - Supreme Court
FILED
DEC 8 1981
CLERK

No. 81-675

In the Supreme Court of the United States

OCTOBER TERM, 1981

RALPH E. WHITE, PETITIONER

v.

UNITED STATES DEPARTMENT OF ENERGY

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

BRIEF FOR THE RESPONDENT IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether petitioner's invention, which was created for a company that he knew had entered into a contract with the Atomic Energy Commission for work at the Nevada Nuclear Testing Site, was part of any "contract, subcontract or arrangement entered into * * * for the benefit of the Commission" as provided in Section 152 of the Atomic Energy Act of 1954, 42 U.S.C. 2182.

2. Whether petitioner's device, which detects radiation and therefore can be used to monitor radiation leaks from nuclear explosions, is an invention "useful in the * * * utilization of * * * atomic energy" within the meaning of Section 152 of the Act.

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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

BRIEF FOR THE RESPONDENT IN OPPOSITION

OPINIONS BELOW

The decision of the Court of Customs and Patent Appeals (CCPA) (Pet. App. 1-27) is reported at 210 U.S.P.Q. 425. The opinion of the Patent and Trademark Office Board of Patent Interferences (C.A. App. 167-215) is unreported.[1]

JURISDICTION

The judgment of the CCPA was entered on June 30, 1981. The petition for a writ of certiorari was filed on September 28, 1981. The jurisdiction of this Court is invoked under 28 U.S.C. 1256.

STATUTE INVOLVED

Section 152 of the Atomic Energy Act of 1954, 42 U.S.C. 2182 provides in pertinent part:

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[1] "C.A. App." refers to the joint appendix filed in the Court of Customs and Patent Appeals.

> Any invention or discovery, useful in the production or utilization of special nuclear material or atomic energy, made or conceived in the course of or under any contract, subcontract, or arrangement entered into with or for the benefit of the [Atomic Energy] Commission, * * * shall be vested in, and be the property of, the Commission * * *.
>
> The Commissioner of Patents and Trademarks may proceed with the application and issue the patent to the applicant * * * unless the Commission * * * directs the Commissioner of Patents and Trademarks to issue the patent to the Commission * * * to be held by the Commission as the agent of and on behalf of the United States.

STATEMENT

1. In 1968, the Reynolds Electrical and Engineering Company (REECo) was a contractor with the United States at the Nevada Nuclear Test Site (C.A. App. 1049-1050). Its primary responsibility was to protect the personnel at the site from radiation hazards caused by testing nuclear explosions. To this end, it used an ion-chamber, radiation detector to discover leaks from those tests (*id.* at 1050-1051). The problem with these detectors was that they also picked up electromagnetic pulses (EMP) from sources such as lightning, which caused the detectors to shut down (*id.* at 1054).

In order to solve this problem, REECo sent one of its employees to meet with petitioner in November 1969 and January 1970 and to discuss the EMP problem associated with the ion-chamber detectors at the Nevada Test Site. Petitioner and REECo negotiated an agreement that resulted in Purchase Order D-00856-CA-01, dated April 4,

1970, for the delivery of an ion detector to solve the EMP problem.[2] On June 3, 1970, petitioner sent a prototype detector to REECo (Pet. App. 6).

On May 20, 1970, petitioner filed a patent application on an improved radiation detector, which basically described the elements of the prototype detector petitioner had sent to REECo as his part of the contract (C.A. App. 14-28, 29). In accordance with 42 U.S.C. 2182, petitioner was requested by the Commissioner of Patents to file a statement setting forth the facts surrounding the making and conception of the invention. Petitioner submitted a statement that was forwarded along with the patent application to the Energy Research and Development Administration (ERDA) (*id.* at 150).[3] On August 20, 1973, ERDA directed the Commissioner of Patents to issue the patent to it (*ibid.*).

2. In accordance with Section 2182, petitioner requested a hearing before the Board of Patent Interferences of the United States Patent and Trademark Office. The Board made three separate rulings. First, it held that several items of evidence offered by petitioner relevant to the issue of whether his invention was conceived prior to his contract

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[2]On March 4, 1970, REECo had issued a request for quotation (a RFQ) for an improved ion detector that would solve the EMP problem. Both petitioner and another party bid on the RFQ but the RFQ was cancelled (Pet. App. 6). At the time petitioner responded to the RFQ, he knew that it had been issued for the government's benefit (*id.* at 26).

[3]The Atomic Energy Commission, which was originally responsible for enforcing 42 U.S.C. 2182, was abolished and replaced with the Energy Research and Development Administration (ERDA). ERDA in turn was made a part of the Department of Energy. 42 U.S.C. (Supp. III) 7151. Thus, when petitioner was negotiating with REECo, the governmental agency involved was the Atomic Energy Commission. At the time the patent application was before the Commissioner, ERDA was the governmental agency involved, and by the time the case reached the Court of Customs and Patent Appeals, the Department of Energy had been substituted as the appropriate party. Henceforth, in referring to the agency responsible for administering Section 2182, we will refer only to the Department of Energy.

with REECo were inadmissible (C.A. App. 162, 163, 166, 169). Second, it held that the radiation detector was not "useful" in the utilization of atomic energy within the meaning of Section 2182, as that term had been interpreted previously by the Court of Customs and Patent Appeals in *Piper* v. *AEC*, 502 F. 2d 1393 (C.C.P.A. 1974) (C.A. App. 173-175). Finally, it held that the evidence proved that the invention was conceived as part of the arrangement entered into for the benefit of the Department of Energy (*id.* at 194). Based on its decision that the detector was not "useful" in the utilization of atomic energy, the Board concluded that the Department of Energy was "not entitled to the direction filed that the patent in question issue thereto" (*id.* at 194-195).

3. The Department of Energy appealed to the Court of Customs and Patent Appeals, seeking reversal of the Board's decision that the invention did not fall within the terms of the statute. Petitioner cross-appealed the Board's ruling that the Department of Energy had met its burden of proof that the invention was made or conceived in the course of or under a contract, subcontract, or arrangement for the benefit of the Department. Petitioner also appealed the Board's ruling that his evidence should be excluded (Pet. App. 3).

The court reversed the Board's holding that the invention was not "useful" in the utilization of atomic energy (Pet. App. 13-20). It upheld the Board's ruling that the purchase order agreement between petitioner and REECo in the context of this case was an " 'arrangement entered into with or for the benefit of [DOE]' " within the meaning of Section 2182 (*id.* at 26). The court, however, disagreed with the Board's decision to exclude petitioner's evidence as to when the invention was conceived (*id.* at 21-25) and therefore remanded the case for the Board to consider in light of all of

the evidence whether the invention was conceived in the course of or, instead, prior to, the arrangement between petitioner and REECo (*id.* at 27).

ARGUMENT

1. The issues presented by petitioner are premature for this Court's determination. The decision of the Court of Customs and Patent Appeals did not finally determine the ownership of the invention. Petitioner on remand still can try to prove that his invention was conceived prior to the arrangement he entered with REECo and, if he succeeds, the invention will belong to him and not the Department of Energy. Such a result would eliminate the need for the Court to consider the issues raised by petitioner here. Review of the decision below at this time, therefore, is unwarranted.

2. In any event, the decision below does not conflict with the decision of any other court and is plainly correct. Petitioner first argues (Pet. 6-9) that his relationship with REECo lacked a sufficient nexus with the Department of Energy to be an "arrangement" for the Department's "benefit." Petitioner attempts to convert this factual issue into a more general one by asserting that the Court of Customs and Patent Appeals has interpreted the statute "as reaching inventions conceived during the course of any association which an individual has with the government" (Pet. 7).

Petitioner mischaracterizes the court's holding. The Court of Customs and Patent Appeals, in upholding the decision of the Board on this issue, held that "responding to a purchase order benefitting a known DOE project" is sufficient to satisfy the statute (Pet. App. 26). Thus, the court emphasized petitioner's knowledge that the Department of Energy had a direct interest in the product of the agreement between its contractor, REECo, and petitioner. Under these circumstances the court held that it was proper

to conclude that the arrangement had been for the Department's benefit. That conclusion is reasonable and creates no issue requiring review by this Court.[4]

Petitioner next argues (Pet. 9-10) that the court clearly misapplied the statute when it held that his device is "useful" within the meaning of Section 2182. In this regard, petitioner points out that the Court of Customs and Patent Appeals previously had given the term a fairly narrow construction in order to allow more private patents in the field of nuclear energy. See *DOE* v. *Westland*, 565 F. 2d 685 (C.C.P.A. 1977); *Piper* v. *AEC*, 502 F. 2d 1393 (C.C.P.A. 1974).

The Court of Customs and Patent Appeals in this case reconsidered its prior holding in *Piper* and concluded that it was based, in part, on a misreading of the considerations underlying passage of the Atomic Energy Act of 1954. Congress did intend to "liberalize" private patents in the nuclear field, but only when the private interests created the invention with their own resources and without governmental association. See 100 Cong. Rec. 13781 (1954) (remarks of Rep. Cole). See also H.R. Rep. No. 2639, 83d Cong., 2d Sess. 48-49 (1954). Thus, the court concluded that its prior interpretation of "useful" was unduly generous to private interests where, as here, there had been a clear association with the Department of Energy.

The court decided that in a case such as this one, "useful" should be interpreted by reference to whether the invention was "reasonably related to a use in the production of special

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[4]Petitioner also implies that the fact that the government did not give him money directly for his efforts strengthens his case. Section 2182 specifically states, however, that the government is entitled to ownership of the invention "regardless of whether the contract, subcontract, or arrangement involved the expenditure of funds by the [Atomic Energy] Commission."

nuclear material or atomic energy" (Pet. App. 20). The court further held that petitioner's device "reasonably enhances the environmentally-safe production and handling of atomic energy" and therefore plainly is "useful" in the utilization of that energy source (*ibid.*). The court's interpretation of the statute in light of its legislative history and its application of the statute to the facts of this case are reasonable and do not warrant further review.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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